

Annual Report on Telecommunications
Markets in Illinois

Illinois Commerce Commission

Submitted to the Illinois General Assembly
Pursuant to Section 13-407 of the
Illinois Public Utilities Act

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EXECUTIVE SUMMARY

This Report presents summary statistics on competition in basic local telephone services and the deployment of broadband and mobile wireless services in Illinois. It is the second such Report submitted to the Illinois General Assembly by the Illinois Commerce Commission pursuant to Section 13-407 of the Illinois PUA. The first such Report was submitted to the General Assembly on October 23, 2002.

The statistics presented in this Report are compiled from data recently reported to the Illinois Commerce Commission and the Federal Communication Commission. The Report provides a snapshot of local telephone service competition as of December 31, 2002 in three areas:

- plain-old-telephone-service (POTS) lines in service
- broadband lines in service
- mobile-wireless-telephone subscribership.

The following are selected highlights from the facts and findings presented in this Report:

- 49 incumbent local exchange carriers (ILECs) and 45 competitive local exchange carriers (CLECs) reported providing POTS to Illinois customers as of December 31, 2002. These figures compare to 47 ILECs and 35 CLECs reporting as of December 31, 2001.
- The number of POTS lines in Illinois decreased from just over 9 million at year-end 2001 to just over 8.7 million lines at year-end 2002 (a net decrease of over 300,000 POTS lines).
- CLECs provided approximately 1.7 million (or 19.5%) of the roughly 8.7 million Illinois POTS lines in service at year-end 2002.

- CLEC market shares continued to grow in Illinois from previous periods. The CLEC overall POTS market share increased approximately 4 percentage points (from 15.6% to 19.5%) between year-end 2001 and year-end 2002.
- CLECs served relatively more residential customers at year-end 2002 than at year-end 2001. Fifty-five percent (55%) of reported CLEC POTS lines served residential customers at year-end 2002, as compared to 45% at year-end 2001.
- At year-end 2002, approximately 25.5% of the 1.7 million CLEC POTS lines in Illinois were provided entirely over CLEC facilities. Another 21% of these 1.7 million lines were provided using local loops leased from ILECs (in conjunction with CLEC owned facilities). The remaining 53.5% of the 1.7 million lines were provided completely over ILEC network facilities (or those of other providers). In comparison, these figures were approximately 33%, 22%, and 45% respectively at year-end 2001. Thus, CLECs served relatively fewer customers using solely their own network facilities at year-end 2002 than at year-end 2001.
- In absolute numbers, CLECs served slightly more POTS customers using at least some of their own network facilities at year-end 2002 compared to year-end 2001. The number of POTS customers CLECs served using entirely their own network facilities declined.
- The overall CLEC POTS market share was higher in the Chicago area than in other regions of the state. At year-end 2002, CLECs served approximately 23% of POTS customers in the Chicago area and approximately 10% of all POTS customers in the rest of the state.
- CLECs continued to provide relatively few POTS lines using solely their own facilities outside the Chicago area. At the same time, CLECs continued to

provide POTS service using at least some of their own network facilities in all but the least-dense and most-rural areas of Illinois.

- Illinois providers served over 430,000 Illinois broadband customers via asymmetrical-digital-subscriber-line (ADSL) and cable-modem services as of June 31, 2002.
- Nationwide, the six-month growth rate in broadband subscribership decreased from December 31, 2001 to June 31, 2002 relative to all previous reporting periods. In contrast, this growth rate increased in Illinois in the first half of 2002 compared to the last half of 2001 (31% versus 21%).
- Cable-modem providers maintained their lead in broadband provisioning in Illinois, but their overall market share slipped from 48% to 44% in the first half of 2002. Meanwhile, ADSL providers increased their market share during this period, from 26% to 35% of the Illinois broadband market.
- Mobile-wireless providers served over 5.6 million Illinois subscribers at year-end 2001. However, growth in mobile-wireless subscribership in Illinois declined to 5.4 million subscribers in the first half of 2002 (the most recent reporting period).

TABLE OF CONTENTS

I. INTRODUCTION.....	6
II. COMPETITION IN PLAIN OLD TELEPHONE SERVICE (POTS).....	7
A. Overview	7
B. Statewide Competition In Retail POTS in Illinois	9
C. CLEC Methods of Provisioning Retail POTS Lines	12
D. Retail POTS Competition by LATA.....	15
The Chicago LATA	18
Medium Density LATAs	21
Lowest Density LATAs	21
E. Recent Trends in Competitive Retail POTS Provisioning	22
F. Cross State Comparisons of Competitive Retail POTS	25
III. HIGH SPEED TELECOMMUNICATIONS SERVICES.....	26
A. Overview	26
B. Nationwide and Statewide Provision of High Speed Lines.....	29
C. Nationwide and Statewide High Speed Lines by Technology.....	30
IV. MOBILE WIRELESS TELECOMMUNICATIONS	32
A. Overview	32
B. Provision of Mobile Wireless Services	32
V. CONCLUSION	33
APPENDIX A: Illinois LATA Geography and Demographics	36
APPENDIX B: Reporting Status.....	39
APPENDIX C: POTS Provisioning Detail	45

I. INTRODUCTION

Section 13-407 of the Illinois Public Utilities Act (PUA) requires that the Illinois Commerce Commission (Commission) monitor and analyze the status of competition in Illinois telecommunications markets:

The Commission shall monitor and analyze patterns of entry and exit and changes in patterns of entry and exit for each relevant market for telecommunications services, including emerging high speed telecommunications markets, and shall include its findings together with appropriate recommendations for legislative action in its annual report to the General Assembly. (220 ILCS 5/13-407)

To enable the Commission to carry out this mandate, Section 13-407 also authorizes the Commission to collect pertinent information from firms providing telecommunications services in Illinois:

The Commission shall also collect all information, in a format determined by the Commission, that the Commission deems necessary to assist in monitoring and analyzing the telecommunications markets and the status of competition and deployment of telecommunications services to consumers in the State. (220 ILCS 5/13-407)

The Commission's first Annual Report on Telecommunications produced pursuant to PUA Section 13-407 was submitted to the Illinois General Assembly on October 23, 2002. That Report summarized competitive developments in plain old telephone service (POTS) based on information reported by local exchange carriers to the Commission as of December 31, 2001. That report also presented and summarized information submitted to the Federal Communications Commission (FCC) on trends in local service, broadband, and wireless provisioning.

This current Report, dated May 28, 2003 also summarizes competitive developments in POTS services, but it has been updated to reflect the most recent available information reported to the Commission (as of December 31, 2002). This current Report similarly updates information on trends in local service, broadband, and wireless provisioning based on the most recent data made available by the Federal Communications Commission (FCC).

The bulk of the data provided by Illinois carriers and compiled by Commission Staff is displayed in Appendix C of this report (Tables C1 through C5). Selected data from these tables are highlighted and displayed in several sections of the Report itself.¹ Appendix B (Tables B1 and B2) contains lists of certificated local exchange carriers in Illinois as of May 5, 2003 and lists the carriers responding to the Commission's year-end 2002 data request.²

II. COMPETITION IN PLAIN OLD TELEPHONE SERVICE (POTS)

A. Overview

"POTS" is the acronym often used to refer to basic wireline local voice service provided over the public switched telephone network (PSTN). POTS service enables the end-user to place and receive calls to and from any other user on the PSTN. Much of the information presented in this Report focuses on the local line (or loop) that connects end-users to the PSTN, thus enabling the provision of POTS.

¹ The bulk of the information presented herein reflects data reported by ILECs and CLECs as of December 31, 2002. Telecommunications carriers were required to provide this information by March 1, 2003. Staff worked to assist carrier efforts to submit accurate and timely data, but did not receive the final submission included in this report until April 10, 2003.

² Numerous carriers that responded to the data request responded separately for various company operating entities. In many cases these operating entities did not line up precisely with the operating entities for which the carrier has been certificated. Therefore, a one for one comparison between certificated and reporting carriers is not possible. However, response by local exchange carriers to the Commission's Competition Data Request was generally strong.

Technologies used to provide POTS service vary. Local exchange carriers (LECs) traditionally have provisioned POTS service over a "twisted" pair of copper wires and electronics that enable the customer to make or receive a single phone call. Many carriers increasingly are providing POTS over alternative technologies, such as fiber optics and associated electronics that allows customers to make multiple simultaneous phone calls over a single fiber optic strand. To enable uniform reporting and analysis of POTS service regardless of the technologies utilized, the information presented herein is reported by voice grade equivalent (VGE) lines. Carriers report the number of lines provided by measuring the number of simultaneous phone calls that their customers are able to make or receive. This uniformity ensures direct comparability for purposes of reporting, discussion and analysis.

There are two general classes of LECs providing POTS service in Illinois: incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). An ILEC is a telecommunications carrier (including its successors, assigns, and affiliates) that historically has served as the exclusive provider of wireline local telephone service in a specific service territory. CLECs are competitive carriers that have been authorized and certificated by the Commission to provide local telephone service in competition with ILECs. Some telecommunications carriers operate as both an ILEC and CLEC.³

ILECs generally serve non-overlapping geographic areas, and consumers generally may obtain local telephone service from only one ILEC. Thus, absent competitive entry by CLECs, customers typically have only one source for POTS service - the ILEC that serves the area where the customer is located.⁴ In contrast to ILECs, which generally do not compete in the service areas of other

³ Such carriers were required to report to the Commission information separately for ILEC and CLEC operational units.

⁴ This does not consider non-POTS alternatives, such as cellular or satellite service that may be available to some local telecommunications customers.

ILECs, many CLECs provide service in the same areas as other CLECs as well as ILECs.

Both the Illinois PUA and the Federal Telecommunications Act of 1996 strongly encourage and endorse the development of competition in local telecommunications services. Together, these Acts provide a framework for new competitors to enter local markets by three fundamental methods:

- Building complete telecommunications networks using their own facilities,
- Leasing all or a portion of the facilities needed to serve end-user customers from other carriers,
- Purchasing telecommunications services from ILECs at discounted prices and reselling these services to customers.

This report summarizes the current use of each of the three methods as utilized by CLECs in Illinois.

Regardless of the method utilized by a CLEC to enter local markets, significant cooperation and coordination between ILECs and CLECs is crucial to the maintenance and proper operation of the PSTN. This remains true even where a CLEC has deployed a network utilizing 100% of its own facilities. Under all circumstances, telephone traffic must be passed back and forth efficiently and reliably between the networks of all ILECs and all CLECs.

B. Statewide Competition In Retail POTS in Illinois

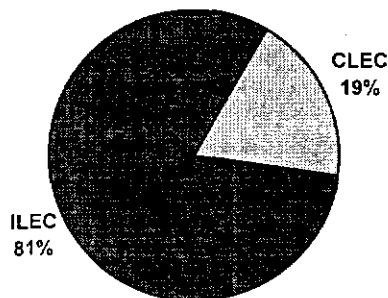
At year-end 2002, over 8.7 million total retail POTS lines were reported in Illinois. ILECs provided approximately 7.0 million (or 81%), while CLECs provided approximately 1.7 million lines (or 19%) of this total. Table 1 displays these figures and, for comparison, the comparable figures for year-end 2001.

Table 1: Retail POTS Lines In Illinois as of 12/31/02
(Figures as of 12/31/01 in Small Type)

Type of Carrier	No. of Carriers	No. of Lines	% of Total Lines
ILEC	49 (47)	7,029,967 (7,628,679)	81% (84%)
CLEC	45 (35)	1,697,976 (1,407,814)	19% (16%)
Total	94 (82)	8,727,943 (9,036,493)	100% (100%)

The number of POTS lines in Illinois decreased from just over 9 million at year-end 2001 to just over 8.7 million lines at year-end 2002 (a decrease of over 300,000 lines).⁵

Figure 1: ILEC and CLEC Retail POTS Market Shares



A total of 49 ILECs reported providing POTS lines in Illinois. The 4 largest ILECs (Ameritech Illinois, Verizon Communications, Citizens Communications Company and Illinois Consolidated Telephone Company) provided approximately 97% of all ILEC retail POTS lines, while the remaining 44 ILECs provided just over 2.5% of the total ILEC lines in Illinois.

Forty-five (45) CLECs reported providing retail POTS service in Illinois.⁶ The 4 largest CLECs (AT&T, Comcast Corporation, WorldCom, Inc., and

⁵ The Illinois experience is not unique in this respect. Information compiled by the FCC and reported below shows that the nationwide number of POTS lines has decreased in recent periods. A number of factors may explain the reduction in POTS lines. Consumers may be increasingly substituting mobile wireless phone service for POTS service or may be relying on broadband services to obtain high-speed Internet access instead of relying on POTS service to obtain dial-up access to the Internet. The recent economic downturn in Illinois and reporting inconsistencies and/or inaccuracies also may have contributed to the reported reduction.

McLeodUSA, Inc.) accounted for approximately 70% of all CLEC retail POTS lines, while the remaining 41 CLECs provided approximately 30% of all CLEC retail POTS lines.

At year-end 2002, approximately 59% of all retail POTS lines in Illinois served residential customers, while 41% served business customers. These figures essentially were unchanged from the previous year. Approximately 60% of ILEC total retail lines served residential customers, while 40% of ILEC lines served business customers (also essentially unchanged from the previous year).

At year-end 2002, approximately 55% of all CLEC retail lines served residential customers, while approximately 45% served business customers. As shown in Table 2, the CLEC mix of residential and business customers changed notably in 2002, with residential lines becoming a significantly higher percentage of the CLEC total (as compared to year-end 2001 figures). It appears that at least some of this change is due to an emphasis by CLECs on use of UNE-P to serve residential customers in 2002.

Table 2: Retail POTS Lines by Customer Class as of 12/31/02
(Figures as of 12/31/01 in Small Type)

Type of Carrier	Residential	Business
CLEC	55% (45%)	45% (55%)

The data displayed in Table 3 below shows that CLECs increasingly are serving residential customers and customers in less densely populated areas.

⁶ This figure treats affiliated CLECs under common control as a single competitive entity.

Table 3: CLEC Market Shares by LATA⁷ as of 12/31/02
(Figures as of 12/31/01 in Small Type)

LATA Name	Overall CLEC Market Share	Residential CLEC Market Share	Business CLEC Market Share
Statewide	19.45% (15.60%)	18.30% (12.20%)	21.11% (20.30%)
Chicago, IL	23.16% (18.70%)	22.60% (15.00%)	23.89% (23.20%)
Springfield, IL	14.29% (11.70%)	12.56% (9.70%)	16.49% (14.20%)
Davenport, IA	15.61% (11.60%)	15.99% (9.30%)	14.93% (15.70%)
St Louis, MO	15.25% (9.70%)	16.15% (9.10%)	13.08% (11.00%)
Champaign, IL	10.71% (9.20%)	10.67% (8.50%)	10.76% (11.60%)
Rockford, IL	14.44% (8.3%*)	10.59% (5.5%*)	21.58% (13.8%*)
Sterling, IL	2.78% (8.3%*)	1.83% (5.5%*)	4.89% (13.8%*)
Peoria, IL	10.35% (7.50%)	7.82% (5.80%)	15.04% (10.80%)
Quincy, IL	7.71% (5.70%)	6.02% (2.70%)	11.06% (11.70%)
Cairo, IL	1.90% (1.60%)	0.85% (0.6%**)	4.24% (1.4%**)
Forrest, IL	0.56%**** (0.80%)	0.03%**** (0.60%**)	1.74%**** (1.40%**)
Macomb, IL	0.56%**** (0.60%***)	0.03%**** (0.60%**)	1.74%**** (1.40%**)
Olney, IL	0.56%**** (0.60%***)	0.03%**** (0.60%**)	1.74%**** (1.40%**)
Mattoon, IL	0.56%**** (0.30%)	0.03%**** (0.60%**)	1.74%**** (1.40%**)

* Combined figures for the Rockford and Sterling LATAs.
** Combined figures for the Cairo, Forrest, Macomb, Olney and Mattoon LATAs.
*** Combined figures for the Macomb and Olney LATAs.
**** Combined figures for the Forrest, Macomb, Olney and Mattoon LATAs.

C. CLEC Methods of Provisioning Retail POTS Lines

As previously noted, CLECs can provide POTS service to customers via three fundamental approaches:

- Construct a complete telecommunications networks using their own facilities,

⁷ Local Access and Transport Area ("LATA") geography is defined in section C below.

- Lease all or a portion of the facilities needed to provide service from other carriers,
- Purchase telecommunications services from ILECs at discounted prices and resell these to customers ("resale").

These methods are not mutually exclusive; they can each be employed by a particular CLEC to provide services at different times and/or in different regions. For example, a CLEC may deploy its own network in a particular part of the state while using resale to provide services to consumers in another area of the state.

The first and third of these approaches are self-explanatory, but the second option warrants further discussion. The basic network elements used in the provision of POTS include local loops (these connect customer premises to telephone company switching equipment), local switching, and interoffice transport (between telephone company switches). In some circumstances CLECs may lease all three of these basic network elements (loop, local switching, and transport) from an ILEC. Such combinations are referred to as unbundled network element platforms (UNE-Ps). When a CLEC provides service to a given customer using UNE-P, it relies exclusively on the network elements supplied by ILECs.⁸

CLECs also provide service using various combinations of ILEC supplied network elements and their own self-supplied elements. The most common variant of this approach is to lease ILEC local loops and self-supply local switching and interoffice transport elements. When CLECs combine leased ILEC loops with their own local switching and/or transport facilities, such combinations are termed unbundled network element loop (UNE-L) combinations.

Table 4 shows that at year-end 2002, approximately 433,000 CLEC retail POTS lines in Illinois (26% of the CLEC total) were provisioned entirely over

⁸ CLECs do, however, combine their own technology (e.g., voicemail technology) with ILEC provided UNE-P combinations, in order to customize their services.

CLEC facilities.⁹ Table 4 also shows that CLECs served fewer customers using solely their own network facilities at year-end 2002 than at year-end 2001.¹⁰ However, more CLECs provided service to more customers using at least some of their own facilities at year-end 2002 than at year-end 2001. Approximately 356,000 CLEC POTS lines (21% of the CLEC total) were provisioned using some combination of CLEC and ILEC facilities at year-end 2002.¹¹

Table 4: CLEC Retail POTS Provisioning Methods as of 12/31/02
(Figures as of 12/30/01 in Small Type)

	Own Facilities	UNE-L	UNE-P	Resale	All Methods
No. of CLECs	10 (11)	14 (12)	16 (11)	30 (23)	45* (35*)
CLEC Lines	433,131 (460,598)	355,658 (314,459)	644,932 (314,718)	264,255 (318,039)	1,697,976 (1,407,814)
% of CLEC Lines	26% (33%)	21% (22%)	38% (22%)	16% (23%)	100% (100%)

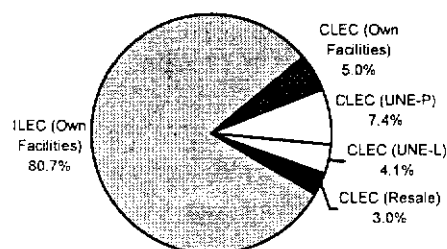
* Each CLEC is counted only once, but may provide service using one or more provisioning methods.

The biggest change in CLEC provisioning that occurred in 2002 concerned CLEC POTS lines provisioned entirely over facilities leased from ILECs (or other providers). At year-end 2002, approximately 645,000 CLEC retail POTS lines (38% of the CLEC total) were provided entirely over facilities leased from ILECs or other providers (i.e., UNE-P). This was a marked increase from year-end 2001 when approximately 315,000 CLEC retail POTS lines (22% of the CLEC total) were provided entirely over facilities leased from ILECs (UNE-P) or other providers. The number of CLECs providing service in this manner also increased notably from 11 to 16 during 2002.

⁹ 100% of ILEC lines were reported as provided over ILEC owned facilities.
¹⁰ Ten (10) CLECs provided some POTS service completely over their own facilities.
¹¹ Fourteen (14) CLECs provided POTS service in this manner at year-end 2002.

Table 4 also indicates that resale remains the least prevalent method of

Figure 2: POTs Provisioning Methods



CLEC POTs provisioning. At year-end 2002, 16% of all CLEC retail POTs lines were provided via resale (i.e., purchasing ILEC services at discount and reselling them to end users). Thirty (30) CLECs provided POTs service over resold lines at year-end 2002.¹²

Figure 2 displays the overall CLEC Illinois POTs market share of 19.5% disaggregated by mode of entry. CLECs captured approximately 5% of the POTs retail market using solely their own facilities. CLECs captured approximately 4% of the retail POTs market through partial reliance upon ILEC facilities, and over 10% of the overall Illinois POTs market via total reliance upon ILEC network facilities (i.e., UNE-P and resale).

D. Retail POTs Competition by LATA

This section of the report provides an overview of POTs competition broken down by Local Access and Transport Area (LATA).¹³ LATAs are the geographic areas within which Bell Operating Companies (BOCs), such as Ameritech Illinois were permitted to carry telephone traffic following their divestiture from AT&T. Terms of the 1984 divestiture initially prohibited BOCs from carrying telephone traffic across LATA boundaries (termed interLATA traffic)

¹² While resale was the least common mode of CLEC entry in terms of numbers of lines, it was the most prevalent method in terms of numbers of CLECs.

¹³ Telecommunications carriers were requested to provide customer information by rate exchange area, according to the first six digits of customer telephone numbers, or by LATA. Using information reported in this manner Staff was able to aggregate information to the Local Access and Transport Area ("LATA").

but permitted them to carry telephone traffic, including toll calls, within LATA boundaries (intraLATA traffic). The Telecommunications Act of 1996 provided that the "interLATA restriction" would be lifted once a BOC demonstrated that its local markets had become sufficiently open to competition.

There are 193 domestic LATAs in the United States. Of this total, fourteen LATAs lie predominantly in Illinois and contain a significant number of Illinois customers. An additional four LATAs lie predominately outside of Illinois but encompass some (relatively few) Illinois customers.¹⁴ Information applicable to the Illinois portion of these 4 LATAs will be included with information for the 14 LATAs that lie predominately in Illinois.¹⁵ Additional detail concerning Illinois LATAs is presented in Appendix A.

Reporting and analysis of POTS data by LATA has several important advantages over other possible approaches. First, disaggregation of statewide information into 14 separate LATA markets illuminates important competitive differences across Illinois markets and regions that cannot be discerned from data aggregated at the state level. Second, LATAs are a natural unit for the reporting of many types of information by telephone companies. Notably, the telephone numbers provided to LECs for assignment to their customers are, with limited exceptions, assigned uniquely to LATAs.¹⁶ This permits the Commission to readily identify the LATAs within which telephone customers reside.¹⁷ Third, data disaggregated by LATA still are sufficiently aggregated to protect sensitive

¹⁴ Although LATA boundaries were created in order to delineate the geographical area within which BOCs could offer long distance services, other LATA boundaries have been created in order to segment non-BOC service territories. The LATA geography adopted here follows Telcordia Technologies, Inc. ("Telcordia" f/k/a Bellcore) conventions as delineated in the local exchange routing guide (LERG).

¹⁵ Information is aggregated in this manner to protect the confidentiality of individual carrier information reported to the Commission.

¹⁶ Traditionally, blocks of telephone numbers have been assigned uniquely to rate exchange areas, which in turn, have been uniquely assigned to LATAs.

¹⁷ The use of more "traditional" means to identify the location of individual telephone customers, such as the county of residence, is, at best, problematic, since telephone numbers are assigned to geographic areas with boundaries that are not congruent with the boundaries of the more traditional geographical divisions.

competitive information, and the proprietary concerns of local telephone service providers.¹⁸

Table 5 – Illinois LATA Demographic Data
U.S. Census 2000

LATA Name	Area (Sq. Miles)	Population	No. of Households	Population per Sq. Mile	Households per Sq. Mile
Chicago, IL	8,504	8,410,544	3,025,532	989	356
Rockford, IL ¹	2,124	397,119	153,045	187	72
Springfield, IL	3,028	352,223	144,596	116	48
St Louis, MO	6,718	781,199	299,332	116	45
Champaign, IL ²	3,635	328,037	129,890	90	36
Davenport, IA	2,058	219,120	87,962	106	43
Peoria, IL	4,834	471,493	185,114	98	38
Sterling, IL	2,966	226,357	84,774	76	29
Forrest, IL	3,698	261,915	98,749	71	27
Cairo, IL	4,863	308,127	122,875	63	25
Mattoon, IL	4,248	227,242	88,247	53	21
Quincy, IL	3,682	161,005	62,415	44	17
Macomb, IL	3,248	136,242	53,061	42	16
Olney, IL	4,309	138,670	56,187	32	13
Total - All LATAs	57,914	12,419,293	4,591,779	214	79
Average	4,137	887,092	327,984	---	---
Standard Deviation	1,673	2,092,850	750,729	---	---

¹ Includes information for those portions of the Southeast and Southwest Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis and Terre Haute Indiana LATAs located in Illinois.

Table 5 displays some basic demographic information for each Illinois LATA. It reveals that there is considerable variation in LATA demographics within Illinois. Not surprisingly, the Chicago LATA stands out from the other LATAs, surpassing all others in Illinois with respect to both total population and population density.

¹⁸ Per the Commission's Competition Data Request, the Commission is offering proprietary treatment to individual company retail provisioning information. Therefore, all retail provisioning numbers have been aggregated into carrier classes and will be reported only in circumstances where a particular number represents provisioning by four or more providers.

The Chicago LATA

The Chicago LATA differs significantly from other Illinois LATAs not only demographically, but also in the degree of local market penetration achieved by CLECs. As displayed in Table 6, approximately 6.3 million (73%) of the statewide total of nearly 9 million POTS lines were provided in this single LATA. All other LATAs combined accounted for the remaining 2.4 million (or 27%) of the statewide retail POTS lines.

Table 6: Retail POTS Lines by LATA
December 31, 2002

<i>LATA Name</i>	<i>Retail POTS</i>	<i>% Of Total</i>
<i>Statewide</i>	8,727,943	100%
<i>Chicago, IL</i>	6,331,263	73%
<i>St Louis, MO</i>	435,614	5%
<i>Peoria, IL</i>	285,881	3%
<i>Springfield, IL</i>	265,618	3%
<i>Rockford, IL</i>	247,617	3%
<i>Champaign, IL</i>	221,350	3%
<i>Cairo, IL</i>	167,570	2%
<i>Forrest, IL</i>	156,514	2%
<i>Davenport, IA</i>	139,601	2%
<i>Sterling, IL</i>	125,461	1%
<i>Mattoon, IL</i>	111,873	1%
<i>Quincy, IL</i>	93,854	1%
<i>Olney, IL</i>	74,483	1%
<i>Macomb, IL</i>	71,244	1%

Of the 6.3 million retail POTS lines in the Chicago LATA, approximately 4.9 million were provided by 8 ILECs. The remaining 1.5 million retail POTS lines in the Chicago LATA were provided by 34 CLECs.

**Table 7: ILEC and CLEC POTS Lines by LATA
December 31, 2002**

	ILEC	% of ILEC Lines	CLEC	% of CLEC Lines
Chicago LATA	4.9 m	69%	1.5 m	86%
All Other LATAs	2.2 m	31%	0.2 m	14%
All LATAs	7.0 m	100%	1.7 m	100%

The 4.9 million lines provided by ILECs in the Chicago LATA represent 69% of the statewide total POTS lines provided by ILECs. The 1.5 million CLEC lines provided in the Chicago LATA represent approximately 86% of the statewide total of CLEC retail POTS lines. Thus, a notably higher percentage of all CLEC Illinois customers are located in the Chicago LATA as compared to the percentage of all ILEC customers.

**Table 8: Chicago LATA CLEC Retail POTS Provisioning Methods
as of 12/31/02**

	Own Facilities	UNEs*	Resale	All Methods
No. Of CLECS	5	20	26	34**
CLEC Lines	429,895	825,629	210,989	1,466,513
CLECs Market Share	29.31%	56.3%	14.39%	100%

* Combined figures for UNE-P and UNE-L.

** Each CLEC is counted only once, but may provide service using one or more provisioning methods.

Table 8 shows that 29% of CLEC lines in the Chicago LATA were provided using solely CLECs' own facilities. Approximately 56% of CLEC lines were provided using various network elements (UNEs) leased from ILECs or other providers. The remaining 14% of CLEC lines in the Chicago LATA were provisioned via resale.

**Table 9: Chicago LATA CLEC Retail POTS
Provisioning Methods as of 12/31/02**

CLEC Facilities (Exclusive/Partial) 49%		ILEC Facilities (Exclusive) 51%	
Own Facilities 29%	UNE-L 20%	UNE-P 36%	Resale 14%

Table 9 shows that approximately 49% of CLEC lines in the Chicago LATA were provided using CLEC facilities in whole or in part (29% through exclusive use of CLEC facilities and 20% through UNE-L¹⁹ equals this 49%). The remaining 51% of CLEC lines in the Chicago LATA were provisioned entirely over leased ILEC facilities (over 36% through UNE-P and over 14% through resale equals this 51%).

High-volume, low-cost customers in urban business districts generally are considered more attractive to new entrants than either rural or residential customers. Regional differences in the data reported by LATA in Illinois appear to support this generalization. There is a high correlation across the 14 Illinois LATAs between customer density (measured by population per square mile) and CLEC market share.²⁰ This correlation is even stronger when measured between households per square mile and CLEC market share. CLECs appear to be responding in predictable fashion to economic and market conditions, which would explain the higher CLEC market shares in the Chicago LATA relative to CLEC market shares in other Illinois LATAs (as shown in Table 10).

¹⁹

UNE-L refers to CLEC facilities combined with local loops leased from ILECs.

²⁰

The correlation coefficient between density and CLEC market share is approximately 0.67.

Table 10: CLEC Market Share by LATA

December 31, 2001

	<i>CLEC Market Share</i>
<i>Chicago LATA</i>	23%
<i>All Other LATAs</i>	10%
<i>All LATAs</i>	19%

Medium Density LATAs

The Peoria, Rockford, Champaign, St. Louis, Davenport, and Springfield LATAs can be classified as "medium density" Illinois LATAs. Population per square mile in these LATAs is in the neighborhood of 100 people per square mile.²¹ Reflecting the positive correlation between customer density and CLEC market share, these "medium density" LATAs exhibit "medium" ranges of CLEC market shares, ranging from 10-16%.

In contrast to the Chicago LATA, CLECs operating in these medium density LATAs generally provide services using lines leased from ILECs or other sources. Full facilities-based CLEC provisioning has not yet occurred to any significant degree outside the Chicago LATA.²²

Lowest Density LATAs

The least densely-populated LATAs in Illinois include the Quincy, Mattoon, Macomb, Forrest, Olney, Sterling and Cairo LATAs. Population densities in these LATAs range from 32-76 people per square mile. In most of these LATAs,

²¹ While the density in Rockford, with nearly 200 people square mile, exceeds the densities of the other medium density LATAs, the density in the Rockford LATA falls well short of the nearly 1000 people per square mile density in Chicago.

²² Lines provisioned entirely over CLEC facilities constitute a small fraction of the lines in the Davenport and St. Louis LATAs. However, the percentage of lines provisioned in this manner is far lower in these LATAs than the percentage of CLEC lines provisioned entirely over CLEC facilities in the Chicago LATA.

CLECs provide less than 3% of POTS lines in the market, and in none of these does CLEC retail market share reach 8.0%.

Full facilities-based provisioning of retail POTS services by CLECs (i.e., total reliance upon their own facilities) is virtually non-existent in these LATAs. Moreover, CLECs generally do not yet compete to a significant degree in these least dense LATAs using their own facilities.

E. Recent Trends in Competitive Retail POTS Provisioning

Table 11: Nationwide POTS Lines (Large Providers Only)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002
US ILEC Lines ²³	181,307,695 (95.7%)	179,761,930 (94.0%)	177,683,672 (92.3%)	174,485,706 (91.0%)	172,043,582 (89.7%)	167,472,318 (88.6%)
US CLEC Lines ²³	8,194,243 (4.3%)	11,557,381 (6.0%)	14,871,409 (7.7%)	17,274,727 (9.0%)	19,653,441 (10.3%)	21,644,928 (11.4%)
US LEC Lines ²³	189,501,938	191,319,311	192,555,081	191,760,433	191,697,023	189,117,246

The retail line counts reported by Illinois LECs for December 31, 2002 are the second such retail line counts reported to the Commission in a uniform manner utilizing a consistent definition of POTS.²⁴ The FCC, however, has collected state-by-state retail line counts from larger retail POTS providers since December 1999.²⁵ While the information reported to the FCC suffers from several limitations, it does provide important insight into statewide *trends* in retail POTS provision.²⁶

²³ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2002, Released December 2002.

²⁴ The CDR was released in its current form for the first time in January of 2002.

²⁵ The FCC has required providers serving 10,000 or more POTS customers to report retail POTS line counts on a statewide basis.

²⁶ Notably, these data do not include information on smaller POTS providers, and lacks the regional detail of the information reported to this Commission

Table 11 above shows nationwide retail POTS line counts (reported biannually to the FCC). The CLECs' overall POTS market share has increased steadily over the past two years, while the ILECs' overall share has declined. Nevertheless, ILECs still serve nearly 89% of POTS customers served by large providers in the United States. Table 11 also shows that nationwide the number of POTS lines decreased in the first half of 2002. This is consistent with the Illinois experience, as shown in Table 12.

Table 12: Illinois POTS Lines (Large Providers Only)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002
<i>IL ILEC Lines</i> ²⁷	8,040,394 (94.8%)	7,990,635 (91.4%)	7,887,152 (90.5%)	7,558,613 (87.2%)	7,578,706 (85.0%)	7,322,494 (83.3%)
<i>IL CLEC Lines</i>	443,936 (5.2%)	749,446 (8.6%)	831,917 (9.5%)	1,113,112 (12.8%)	1,341,060 (15.0%)	1,468,057 (16.7%)
<i>All IL ILEC Lines</i>	8,484,330	8,740,081	8,719,069	8,671,725	8,919,766	8,790,551

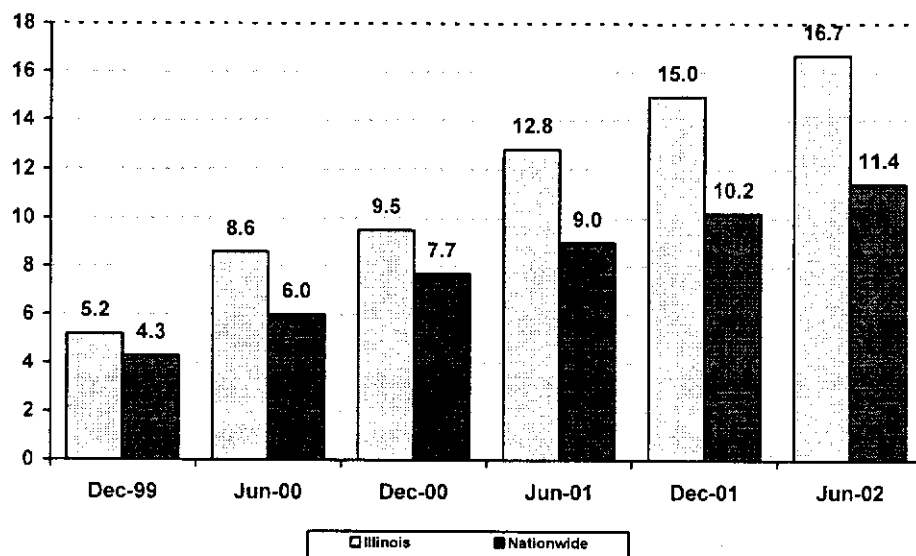
Table 12 displays Illinois retail POTS line counts reported to the FCC.²⁸ These data indicate a decrease in the total number of Illinois POTS lines between December 31, 2001 and June 31, 2002. This is consistent with the information reported to the Illinois Commerce Commission (see Table 1).

²⁷ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2002, Released December 2002, Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of December 31, 2001, Released July 2002, Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2001, Released February 2002, Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of December 31, 2000, Released May 2001, Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2000, Released December 2000, Local Telephone Competition at the New Milenium: Summarizing December 31, 1999 data from Forms 477 and 499-A).

²⁸ The FCC calculation of the overall CLEC market share in Illinois for December 2001 (15%) is slightly lower than the same calculation based on data reported to this Commission (15.6%). It appears that the FCC exclusion of information for smaller LECs produces its slightly lower estimate of Illinois CLEC market share.

Figure 3 shows that, as with the nationwide trend, CLECs' overall retail POTS market share has increased continuously in Illinois over the past two years. Figure 3 also shows that the CLECs' overall market share in Illinois consistently has exceeded the national average. This may be explained, at least in part, by the attractiveness of the dense and populous Chicago metropolitan market.

Figure 3: CLEC Market Shares



F. Cross State Comparisons of Competitive Retail POTS

Table 13 – State by State POTS Provision: Carriers Serving 10,000 or More Lines in Each State – June 2002

State	Population**	Population per Sq. Mile**	POTS Lines (Large Carriers)	CLEC Market Share (Large Carriers)
Alabama	4,447,100	88	2,449,661	5%
Alaska	626,932	1	*	*
Arizona	5,130,632	45	3,302,559	11%
Arkansas	2,673,400	51	*	*
California	33,871,648	217	24,474,301	9%
Colorado	4,301,261	41	3,151,445	14%
Connecticut	3,405,565	703	2,527,897	9%
Delaware	783,600	401	*	*
District of Columbia	572,059	9,317	990,706	16%
Florida	15,982,378	296	11,639,289	9%
Georgia	8,186,453	141	5,309,485	13%
Hawaii	1,211,537	189	*	*
Idaho	1,293,953	16	*	*
Illinois	12,419,293	223	8,790,551	17%
Indiana	6,080,485	170	3,795,437	7%
Iowa	2,926,324	52	1,548,024	12%
Kansas	2,688,418	33	1,501,126	12%
Kentucky	4,041,769	102	*	*
Louisiana	4,468,976	103	2,544,155	5%
Maine	1,274,923	41	*	*
Maryland	5,296,486	542	3,721,754	6%
Massachusetts	6,349,097	810	4,541,445	16%
Michigan	9,938,444	175	6,709,518	18%
Minnesota	4,919,479	62	3,248,676	14%
Mississippi	2,844,658	61	1,355,819	2%
Missouri	5,595,211	81	3,541,414	8%
Montana	902,195	6	*	*
Nebraska	1,711,263	22	1,027,091	16%
Nevada	1,998,257	18	*	*
New Hampshire	1,235,786	138	851,163	13%
New Jersey	8,414,350	1,134	6,622,944	6%
New Mexico	1,819,046	15	*	*
New York	18,976,457	402	13,065,817	25%
North Carolina	8,049,313	165	5,270,828	6%
North Dakota	642,200	9	*	*
Ohio	11,353,140	277	7,216,534	7%
Oklahoma	3,450,654	50	2,025,306	10%
Oregon	3,421,399	36	2,159,839	7%
Pennsylvania	12,281,054	274	8,618,316	15%
Rhode Island	1,048,319	1,003	666,840	18%
South Carolina	4,012,012	133	2,374,715	5%
South Dakota	754,844	10	*	*
Tennessee	5,689,283	138	3,479,604	7%
Texas	20,851,820	80	13,177,745	16%
Utah	2,233,169	27	1,251,984	13%
Vermont	608,827	66	*	*
Virginia	7,078,515	179	4,834,674	12%
Washington	5,894,121	89	3,981,790	9%
West Virginia	1,808,344	75	*	*
Wisconsin	5,363,675	99	3,565,541	12%
Wyoming	493,782	5	*	*
Total - All States***	281,421,906	80	189,117,246	11%

* Data withheld to maintain confidentiality of information.

** U.S. Census 2000. Population per square mile is based on land area, which excludes water area.

*** Includes information for Puerto Rico and the Virgin Islands.

Table 13 displays demographic and retail POTS provisioning information for the 50 states and the District of Columbia, based on data compiled by the FCC. This Table reveals how CLEC market shares in Illinois compare with those in other states.

III. HIGH SPEED TELECOMMUNICATIONS SERVICES

A. Overview

Section 13-407 of the PUA mandates that the Commission monitor and analyze the deployment of high-speed telecommunications services in Illinois. As defined in this report, high-speed telecommunications services provide the subscriber with data transmission at speeds in excess of 200 kilobits per second (kbps) in at least one direction.²⁹ This definition matches the definition of "advanced telecommunications services" as used in the PUA.³⁰ This definition also matches that used by the FCC in its data collection activities and analyses of high-speed telecommunications markets.³¹

²⁹ 220 ILCS 5/13-517

³⁰ The information presented herein concerns the telecommunications services that are the subject of the provisions of Section 13-517 of the Act.

³¹ It should be noted that this definition excludes several services that sometimes are referred to as high speed services, such as basic rate integrated services digital network (ISDN-BRI) service, some lower speed asymmetric digital subscriber line (ADSL) services, some lower speed services that connect subscribers to the Internet over cable systems, and services that connect subscribers to the internet over mobile wireless systems. The terms "high-speed telecommunications service", "advanced telecommunications service" and "broadband service" often are used interchangeably and sometimes inconsistently. For example, mobile wireless providers often offer Internet access over mobile wireless technology marketed as broadband wireless Internet access despite the fact that such technology generally restricts access to speeds slower than users might otherwise obtain from traditional "dial-up" wireline technology. To add to the confusion in terminology, the FCC defines "advanced telecommunications capability" and "advanced services" as service that provide the subscriber with transmission speeds in excess of 200 kbps in BOTH the "upstream" and "downstream" directions. Confusion and misunderstanding in the use of these various terms caused the FCC to state in a report recently submitted to the U.S. Congress that "[I]n light of its now common and imprecise usage, we decline to use the term broadband to describe any of the categories of services or facilities that we discuss in this report. FCC, Deployment of Advanced Telecommunications Capability: Second Report, August 2000, Released August 21, 2000.

Information concerning high-speed service provisioning is reported by state to the FCC (only by facilities-based providers of high-speed lines that serve at least 250 lines in a given state). Carriers do not report high-speed capable lines that are obtained from other carriers for resale to end users or Internet Service providers (ISPs). This practice ensures that each high-speed line is reported only once by the underlying provider.³²

The information reported here covers the following three methods of high-speed service provisioning:

- high speed service over ADSL technology,
- high speed service over coaxial cable (cable modem) technology.
- high speed service over "other" technologies.

The following descriptions of ADSL and cable modem technologies are taken from the FCC's Deployment of Telecommunications Capability: Second Report:

ADSL Technology

With the addition of certain electronics to the telephone line, carriers can transform the copper loop that already provides voice service into a conduit for high-speed data traffic. While there are multiple variations of DSL ... most DSL offerings share certain characteristics. With most DSL technologies today, a high-speed signal is sent from the end-user's terminal through the last 100 feet and the last mile (sometimes a few miles) consisting of the copper loop until it reaches a Digital Subscriber Line Access Multiplexer (DSLAM), usually located in the carrier's central office. At the DSLAM, the end-user's signal is combined with the signals of many other customers and forwarded through a switch to middle mile facilities.

As its name suggests, ADSL provides speeds in one direction (usually downstream) that are greater than the speeds in the other

³² There is no indication of how comprehensively small providers, many of which serve rural areas with relatively small populations, are represented in the FCC data summarized here. See FCC, High Speed Services for Internet Access: Status as of December 31, 2001, Released July 2002, at 1-2.

direction. Many, though not all, residential ADSL offerings provide speeds in excess of 200 kbps in only the downstream path with a slower upstream path and thus do not meet the standard for advanced telecommunications capability. However, ADSL permits the customer to have both conventional voice and high-speed data carried on the same line simultaneously because it segregates the high frequency data traffic from the voice traffic. This segregation allows customers to have an "always on" connection for the data traffic and an open path for telephone calls over a single line. Thus a single line can be used for both a telephone conversation and for Internet access at the same time.³³

Cable Modem Technology

Cable modem technologies rely on the same basic network architecture used for many years to provide multichannel video service, but with upgrades and enhancements to support advanced services. The typical upgrade incorporates what is commonly known as a hybrid fiber-coaxial (HFC) distribution plant. HFC networks use a combination of high-capacity optical fiber and traditional coaxial cable. Most HFC systems utilize fiber between the cable operators' offices (the "headend") and the neighborhood "nodes." Between the nodes and the individual end-user homes, signals travel over traditional coaxial cable infrastructure. These networks transport signals over infrastructure that serves numerous users simultaneously; i.e., a shared network, rather than providing a dedicated link between the provider and each home, as does DSL technology.³⁴

ADSL and cable modem technologies are most commonly used to provide services to residential customers. These technologies typically provide customers a single path to the Internet, generally at comparable quality and price levels and transmission speeds.³⁵ As a result, services provided via ADSL and cable modem technologies generally are considered to be close and competitive substitutes.

³³ FCC's Deployment of Telecommunications Capability: Second Report, August 2000, at ¶¶ 35-36 (footnotes omitted).

³⁴ FCC's Deployment of Telecommunications Capability: Second Report, August 2000, at ¶ 29 (footnotes omitted).

³⁵ Although, ADSL and cable modem offerings are still largely comparable in terms of prices and transmission speeds, differentiation among ADSL and cable modem offerings is increasing as these technologies evolve over time.

Technologies in the "other" category include symmetric DSL, traditional T1 wireline, fiber optic to the customer's premises, satellite, and (terrestrial) fixed wireless technologies. Services provided over technologies in the "other" category vary greatly in quality, speed, and price. These technologies most commonly are used to provide service to medium and large business customers, rather than residential customers. Therefore, comparison of figures for the "other" category to ADSL and cable modem figures is largely an "apples to oranges" exercise. Accordingly, while figures for the "other" technologies category are presented here for completeness, caution should be exercised in their interpretation.

B. Nationwide and Statewide Provision of High Speed Lines

Table 14: Nationwide High-Speed Lines (Large Providers)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002
<i>US Lines</i> ³⁶	2,754,286	4,367,434	7,069,874	9,616,341	12,792,812	16,202,540
6 Month Growth Rate	N/A	59%	62%	36%	33%	27%

Table 14 displays high-speed line counts nationwide, as reported biannually to the FCC. This table shows that nationwide there has been substantial growth in high-speed telecommunications lines over the last several years. Nevertheless, a clear trend of reduced growth rates in deployment of high-speed lines has emerged (at least in the short term).

Table 15: Illinois High-Speed Lines (Large Providers)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002
<i>Lines</i> ³⁶	77,672	166,933	242,239	350,241	422,706	553,442
<i>6 Month Growth Rate</i>	N/A	115%	45%	45%	21%	31%

As shown in Table 15, at mid-year 2002, larger high-speed providers reported just over 550,000 high-speed lines in Illinois. The rate of growth was up in Illinois from previous periods. This increase in Illinois during the first half of 2002 contrasts with the nationwide trend of diminishing growth rates.

C. Nationwide and Statewide High Speed Lines by Technology

Table 16: Illinois High-Speed Lines by Technology (Large Providers) as of June 30, 2002

(Figures as of December 31, 2001 in Small Type)

	ADSL	Coaxial Cable	Other	Total
<i>Lines</i> ³⁶	195,560 (110,448)	242,394 (204,202)	115,488 (108,056)	553,442 (422,706)
<i>% of Total</i>	35% (26%)	44% (48%)	21% (26%)	100% (100%)

Table 16 shows that the number of high-speed lines in Illinois increased by approximately 130,000 in the first half of 2002. ADSL providers accounted for over 80,000 of those new lines, increasing the ADSL market share of Illinois high-speed lines from 26% to 35%. During this same period, the share of high-speed lines held by cable-modem providers dropped from 48% to 44%. The percentage of high-speed lines provisioned over ADSL in Illinois thus has, at least in the short run, increased relative to the percentage of lines provisioned via

³⁶ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, *High-Speed Services for Internet Access: Status as of June 30, 2002* Released December 2002.

cable-modem technology. It remains to be seen whether this presages a longer-term trend in relative market shares of these technologies.

**Table 17: Nationwide High-Speed Lines by Technology
(Large Providers) as of June 30, 2002**
(Figures as of December 31, 2001 in Small Type)

	ADSL	Coaxial Cable	Other	Total
<i>Lines</i> ³⁶	5,101,493 (3,947,808)	9,172,895 (7,059,598)	1,928,152 (1,785,406)	16,202,540 (12,792,812)
<i>% of Total</i>	31% (31%)	57% (55%)	12% (14%)	100% (100%)

Table 17 reveals that deployment of cable coaxial technology nationwide was almost twice that of ADSL technology. In contrast to the recent Illinois experience, the percentage of high-speed lines provisioned over cable coaxial technology nationwide has, in the short run, increased relative to the percentage of lines provisioned via ADSL technology.

**Table 18: Illinois Shares of High-Speed Lines (Large Providers)
June 30, 2002**

	ADSL	Coaxial Cable	Other	Total
<i>IL Lines as % of US Lines</i>	4%	3%	6%	3%

As shown in Table 18, Illinois high-speed lines constituted about 3% of the national total as of June 30, 2002. According to FCC figures, approximately 4.6% of reported switched access local exchange (voice) telephone lines were in Illinois. Further, approximately 4.4% of the nation's population resides in Illinois. Thus, when measured relative to the distributions of local exchange lines and population, high-speed provisioning in Illinois appears to lag the nationwide average.

IV. MOBILE WIRELESS TELECOMMUNICATIONS

A. Overview

Data on mobile wireless subscribership are reported by state to the FCC by facilities-based wireless mobile providers with 10,000 or more subscribers in a given state (as measured by revenue-generating handsets in service). Facilities-based wireless providers serve subscribers using electromagnetic spectrum that they are licensed to utilize or manage.³⁷ Wireless mobile service is similar to POTS service in that it permits subscribers to place and receive calls to and from any other user on the PSTN.

B. Provision of Mobile Wireless Services

Table 19: Illinois Mobile Wireless Subscribers (Large Providers)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002
Subscribers ³⁸	3,922,482	4,309,660	5,143,767	5,621,044	5,631,172	5,406,664
6 Mth Growth Rate	N/A	10%	19%	9%	0%	-4%

Table 19 displays mobile wireless subscribership data for Illinois (reported biannually to the FCC). At mid-year 2002, larger mobile wireless providers reported approximately 5.4 million subscribers in Illinois. Provisioning of mobile wireless declined between year-end 2001 and mid-year 2002.

³⁷ FCC, Local Telephone Competition: Status as of December 31, 2001, Released July 2002, at 1-2.

³⁸ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2002*, Released December 2002.

Table 20: Nationwide Mobile Wireless Subscribership (Large Providers)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002
US Lines ³⁸	79,696,083	90,643,058	101,043,219	114,028,928	122,399,943	128,845,821
6 Mth Growth Rate	N/A	14%	11%	13%	7%	5%

Table 20 indicates that the growth rate nationwide has declined in recent periods. However, unlike in Illinois, mobile wireless subscribership has continued to increase nationwide.

V. CONCLUSION

This Report presents pertinent information concerning the market shares of ILECs and CLECs in Illinois local telephone markets. While many other factors affect actual market competitiveness, market share information is a useful starting point for analyzing the status of market competition.³⁹

At year-end 2002, ILECs provided approximately 81% of all retail POTS lines in Illinois. Viewing Illinois as a single POTS market, however, does not accurately reflect the manner in which competition in local services is developing.⁴⁰ While ILECs collectively hold 81% of POTS lines statewide, ILEC

³⁹ "Other things being equal, market share affects the extent to which participants or the collaboration must restrict their own output in order to achieve anticompetitive effects in a relevant market. The smaller the percentage of total supply that a firm controls, the more severely it must restrict its own output in order to produce a given price increase, and the less likely it is that an output restriction will be profitable." Antitrust Guidelines for Collaborations Among Competitors, Issued by Federal Trade Commission and the U.S. Department of Justice, April 2000, Section 3.3.3.

⁴⁰ "A market is defined as a product or a group of products in a geographic area in which it is produced or sold such that a hypothetical profit-maximizing firm, not subject to price regulation,

market shares vary significantly from region to region, and between the residential and business markets. In some areas of the state, serving ILECs still control effectively 100% of retail POTS lines. In others, however – notably the Chicago LATA - the ILEC market share is lower. At year-end 2002, ILECs served approximately 77% of all retail POTS lines in the Chicago LATA, and served approximately 76% of all Chicago LATA business POTS lines. Market penetration by CLECs in Illinois clearly has been most focused and most successful in the Chicago LATA. With respect to residential customers, market penetration by CLECs has become increasingly focused and successful, in the Chicago LATA as well as in other areas of the state.

It is instructive to view the POTS market from the perspective of the mode of CLEC competitive entry. To date, CLECs overall have relied heavily on ILEC facilities to provide local services. At year-end 2002, approximately 1/2 of all CLEC POTS lines in Illinois were provided through exclusive use of ILEC facilities. Statewide, ILECs provided nearly 95% of the local loops over which POTS service was provided. This percentage was lower in the Chicago LATA, at just over 93%. In sum, at year-end 2002, facilities used to provide POTS service in Illinois overwhelmingly were provided by ILECs.

It also is instructive to examine trends in competitive market penetration achieved by CLECs in Illinois. As reported to the FCC, the CLEC share of all Illinois POTS markets has increased steadily from approximately 5.2% at year-end 1999 to approximately 17% at the end of June 2002.

Recently enacted provisions of the Illinois PUA added new market opening provisions to those previously existing at the federal and state levels. Moreover, a recent Supreme Court Decision affirmed a number of market

that was the only present and future producer or seller of those products in that area likely would impose at least a "small but significant and nontransitory" increase in price, assuming the terms of the sale of all other products are held constant." Department of Justice, 1992 Horizontal Merger Guidelines, Section 1.0.

opening provisions contained in the Federal 1996 Act.⁴¹ These events were expected by many to yield two major results:

- (1) an increase in retail telephone competition in Illinois, particularly in residential retail markets, and
- (2) increased reliance, at least in the short run, by competitors on ILEC facilities.

The most recent data reported to the Commission appears to support both hypotheses.

Recommendations for Legislative Action

At this time, the Commission has no specific recommendations for legislative action arising directly from the facts and findings contained in this report.

⁴¹ Supreme Court of the United States, *Verizon Communications, Inc. v. FCC*, Released May 13, 2002.

APPENDIX A: Illinois LATA Geography and Demographics

Local Access and Transport Areas (LATAs) are the geographic areas within which Bell Operating Companies (BOCs) were permitted to carry telephone traffic following their divestiture from AT&T. In 1984, BOCs (including Ameritech in Illinois) were prohibited from carrying telephone traffic across LATA boundaries (interLATA traffic), but were allowed to carry telephone traffic, including toll calls, within LATA boundaries (intraLATA traffic). There are 193 domestic LATAs in the United States. Of the 193 domestic U.S. LATAs, 18 are either in whole, or in part, within Illinois.⁴²

There is considerable variation in size and demographic makeup among the Illinois LATAs.⁴³ Table 1 lists size and demographic data for each of the 14 LATAs for which information is presented in this report. Table 1 illustrates that the average LATA in Illinois is approximately 4,100 square miles. The largest LATA in terms of area is the Chicago LATA with approximately 8,500 square miles. The smallest is the portion of the Davenport, Iowa LATA located in Illinois, which encompasses approximately 2,100 square miles.

The Chicago LATA is the most populous LATA in Illinois with over 8.4 million residents, well above the average LATA size of approximately 890,000 residents. The Chicago LATA also contains the greatest number of households, with over 3 million. In contrast the Macomb, Illinois LATA contains less than 140,000 residents and just over 53,000 households. The Chicago and Olney,

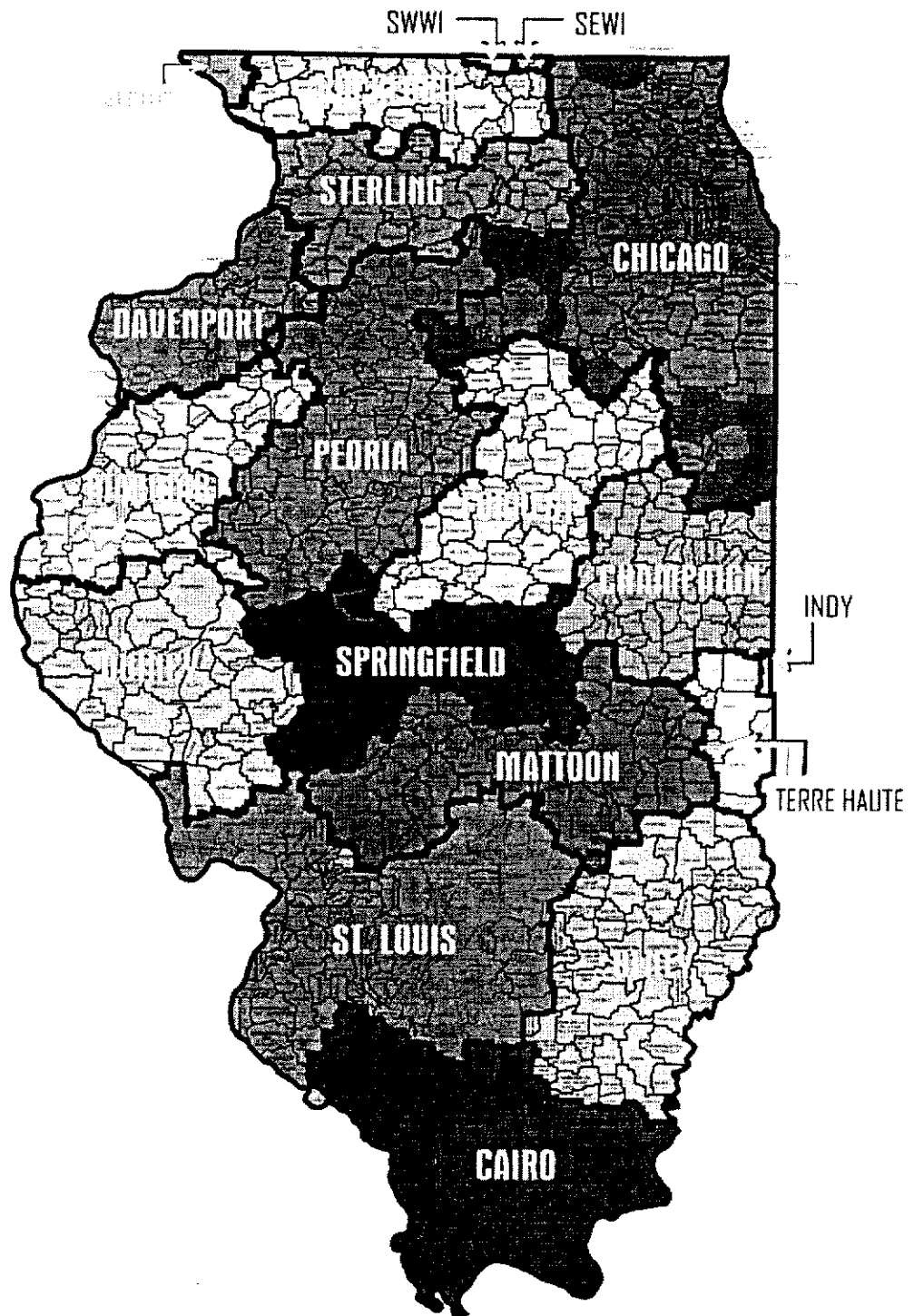
⁴² Although LATA boundaries were created in order to delineate the geographical area within which BOCs could offer long distance services, other "LATA" boundaries have been created in order to segment non-BOC service territories. The LATA geography adopted here follows Telcordia Technologies, Inc. ("Telcordia" f/k/a Bellcore) conventions as delineated in the local exchange routing guide ("LERG").

⁴³ The LATA size and demographic information contained in this table is derived from U.S. Census 2000 obtained from U.S. Department of Commerce, Census Bureau Web Site at <http://www.census.gov/>. To obtain estimates of area and demographic information, Staff aggregated census block group information up to the LATA level, assigning each census block group uniquely to the LATA containing the centroid of the census block group.

Illinois LATAs, respectively, contain the highest and lowest population per square mile. There are nearly 1,000 residents per square mile in the Chicago LATA and less than 32 residents per square mile in the Olney LATA. These two LATAs also contain the highest and lowest number of households per square mile, with 356 households per square mile in the Chicago LATA and 13 households per square mile in the Olney LATA.

Of the 18 LATAs in Illinois, 4 are predominately outside of Illinois and contain very few customers located within Illinois. For this report information applicable to the pieces of these four LATAs will be included with information for LATAs that are predominately in Illinois or contain a significant number of Illinois customers. For example, very few Illinois residents or businesses are located within the Terre Haute, Indiana LATA. The information reported for Illinois residents and businesses in the Terre Haute, Indiana LATA is, therefore, included in information reported for the Champaign, Illinois LATA. However, there are a significant number of Illinois residents and businesses within the St Louis, Missouri LATA. Therefore, information for Illinois residents and businesses in the St Louis, Missouri LATA is reported separately from other Illinois LATAs. All information reported is for those customers located in Illinois. For example, no information is reported for customers located in the Missouri portions of the St Louis, Missouri LATA. Figure A-1 depicts the 14 LATAs for which information is reported in this report.

Figure A1: LATAS IN ILLINDIS



APPENDIX B: Reporting Status

During the first quarter of 2002, Illinois carriers were required for the first time to report competitive information of a comprehensive and detailed nature to the Commission via the CDR. Extracting and reporting the data required by the Commission's CDR proved for many carriers to be a decidedly non-trivial exercise. Not surprisingly, a number of carriers had difficulty providing the required information. For example, a major stumbling block arose from the fact that definitions used in the Commission's CDR often differ from those devised and used by carriers for their own internal purposes.⁴⁴

Recognizing the difficulties faced by carriers, Commission Staff has made every effort to assist carriers in their reporting efforts. For example, numerous carriers requested that they be permitted to submit POTS information by zip code, city, LATA, and/or by NPA-NXX (rather than by exchange as required by the CDR). In virtually all cases, Staff accommodated such requests, and assumed the burden of mapping the information reported into LATAs. In conducting such mappings Staff identified a number of reporting errors (e.g., reported information was associated with telephone numbers assigned to other states) that subsequently were corrected with the cooperation of reporting carriers. It must be recognized, however, that absent comprehensive audits the accuracy of the information reported herein depends primarily on the accuracy of the information reported by the carriers.

Tables B1 and B2 contain lists of certificated local exchange carriers in Illinois on May 1, 2003, and carriers reporting to the Commission's CDR, respectively. As indicated above, many of those carriers reporting to the Commission's CDR provided only partial responses. However, all respondents submitted POTS provisioning information.

⁴⁴ Many of the definitions used in the Commission's CDR were developed to be consistent with those utilized by the FCC

Table B1 - Certificated Local Exchange Carriers on 5/1/03

1-800-RECONEX, Inc./USTel	Covsta, Inc.
360networks (USA) Inc	C-R Telephone Company
Access One, Inc.	Crosslink Long Distance Company
Access2Go, Inc.	Crossville Telephone Company, The
AccuTel of Texas, Inc./1-800-4-A-PHONE	Cypress Communications Operating Company, Inc
ACSI Local Switched Services, Inc./eSpir	Cypress Telecommunications Corporation/Cytel
Adams Telephone Co-Operative	Data Net Systems, L.L.C.
Adams TelSystems, Inc.	debus IT Services North America, Inc.
Adelphia Business Solutions Operations, Inc.	Delta Communications, LLC/Clearwave Communications
Advanced TelCom, Inc./Advanced TelCom Group	Delta Phones, Inc.
Aero Communications, LLC	Digital Teleport, Inc.
Afinity Network Incorporated/HorizonOne Communications	Diverse Communications, Inc.
Afinity Network Incorporated/QuantumLink Communications	DLS Communication Services, Inc.
Alhambra-Grantfork Telephone Company	DMJ Communications, Inc.
Allegiance Telecom of Illinois, Inc.	Dominion Telecom, Inc.
ALLTEL Communications, Inc.	dPi-Teleconnect, L.L.C.
Allure Communications, LLC	DSLnet Communications, LLC
Alticom, Inc./Alticom of Illinois, Inc.	Eagle Communications, Inc.
American Farm Bureau, Inc./Farm Bureau Connection sm, The	Easton Telecom Services, L.L.C.
American Fiber Network, Inc./AFN	Easy Call, Inc.
AmeriMex Communications Corp	EGIX Network Services, Inc.
Ameritech Advanced Data Services of Illinois, Inc./SBC Advanced Solutions, Inc.	Egyptian Communication Services, Inc.
Ameritech Communications of Illinois, Inc.	Egyptian Telephone Cooperative Association, Inc.
AmeriVoice Telecommunications, Inc./Black Telecom USA	El Paso Global Networks Company
AMI Communications, Inc.	El Paso Networks, LLC
Ascendtel, LLC	El Paso Telephone Company, The
Association Management Resources, Inc.	Electric Lightwave, Inc.
AT&T Communications of Illinois, Inc.	Emergent Communications, LLC
B & S Telecom, Inc./Consumers Telephone Company	eMeritus Communications, Inc.
B & S Telecom, Inc./Quick Connect USA	Epana Networks, Inc.
BarTel Communications, Inc.	Equivoice, L.L.C.
BellSouth BSE, Inc.	Essex Communications, Inc./LEC Communications
Bergen Telephone Company	Essex Telecom, Inc.
Big River Telephone Company, LLC	Everest Broadband Networks of Illinois, Inc.
Birch Telecom of the Great Lakes, Inc.	Excel Telecommunications, Inc.
BITWISE Communications, Inc.	EZ RECONNECT, LLC
BT Communications Sales LLC	EZ Talk Communications, L.L.C.
Budget Phone, Inc.	FairPoint Communications Solutions Corp.
Bulseye Telecom, Inc.	First Telecommunications Services, Inc./First-Tel, Inc.
Cable & Wireless, Inc.	Fiat Rock Communications, Inc.
Calpoint (Illinois), LLC	Fiat Rock Telephone Co-Op, Incorporated
Camarato Distributing, Inc.	Focal Communications Corporation of Illinois
Cambridge Telecom Services, Inc.	Forte Communications, Inc.
Cambridge Telephone Company	Franklin Square Communications, Inc.
Campus Communication Group, Inc.	Frontier Communications - Midland, Inc.
Cass Telephone Company	Frontier Communications - Prairie, Inc.
CAT Communications International, Inc.	Frontier Communications - Schuyler, Inc.
Cbeeyond Communications, LLC	Frontier Communications of America, Inc.
Century Enterprises, Inc.	Frontier Communications of DePue, Inc.
Charter Fiberlink-Illinois, LLC	Frontier Communications of Illinois, Inc.
Chicago Fiber Optic Corporation/Metropolitan Fiber Systems of Chicago, Inc.	Frontier Communications of Lakeside, Inc.
Chodaw Communications, Inc./Smoke Signal Communications	Frontier Communications of Mt. Pulaski, Inc.
CIZ, Inc.	Frontier Communications of Orion, Inc.
Ciera Network Systems, Inc.	Gallatin River Communications L.L.C.
CIMCO Communications, Inc.	Geneseo Communications Services, Inc.
Citizens Telecommunications Company of Illinois/Frontier Citizens Communications of Illinois	Geneseo Telephone Company
	Global Crossing Local Services, Inc.
	Global Crossing Telemanagement, Inc.
	Global Metro Networks Illinois, LLC
	Global NAPs Illinois, Inc.
	Global Teldata, Inc.
	Globalcom Inc.
	GlobalEyes Telecommunications, Inc.
	Globcom, Inc.
	GoBeam Services, Inc.
	Grafton Technologies, Inc.
	Grafton Telephone Company
	Great America Networks, Inc.
	Gridley Communications, Inc.
	Gridley Telephone Co
	Hamilton County Communications, Inc.
	Hamilton County Telephone Co-Op
	Hamsonville Telephone Company
	Henry County Communications Services, Inc.
	Henry County Telephone Company
Clarity Telecom Local Network Services, Inc.	
CMC Telecom, Inc.	
Cogent Communications of Illinois, Inc.	
Comcast Phone of Illinois, LLC/Comcast Digital Phone	
Comm South Companies, Inc.	
ComTech Solutions, L.L.C./Integrated Connections	
Consolidated Communications Network Services, Inc.	
Cordia Communications Corp.	
CoreComm Illinois, Inc.	
Covad Communications Company	

Table B1 - Certificated Local Exchange Carriers on 5/1/03 - Continued

Home TeleNetworks, Inc.	Norlight Telecommunications, Inc.
Home Telephone Co.	North County Communications Corporation
ICG Telecom Group, Inc.	NOS Communications, Inc./D11 Communications
IDT America, Corp.	NOS Communications, Inc./International Plus
IllCom Telecommunications, Inc.	NOS Communications, Inc./Vantage Network Solutions
Illinois Bell Telephone Company	NOS Communications, Inc./The Internet Business Association
Illinois Consolidated Telephone Company	Novacon LLC
Illinois IntraNetwork, Inc.	NOW Communications, Inc./NOW Communications of Illinois, Inc.
Illinois Telephone Corporation	NTC Network, LLC
Integrated Communications Consultants, Inc.	NTERA, Inc.
Integrated Solutions, L.L.C.	NTS Services Corp.
InterAccess Telecommunications Co.	NuVox Communications of Illinois, Inc.
Intermedia Communications, Inc.	O1 Communications of Illinois, LLC
Inter-Tel NetSolutions, Inc.	Odin Telephone Exchange, Inc.
Inteltech, L.C.	Omniplex Communications Group, L.L.C.
Intrado, Inc.	Oneida Network Services, Inc.
IQ Telecom, Inc.	OnePoint Communications-Illinois, LLC/Verizon Avenue
Kayla Communications, Inc.	OnePoint Services, L.L.C.
KBS Computer Services, Inc.	OneStar Long Distance, Inc.
Kentucky Data Link, Inc./Cinergy Networks	OnFiber Carrier Services, Inc.
KMC Data, LLC	Pacific Centrex Services, Inc.
KMC Telecom II, Inc.	PaeTee Communications, Inc.
KMC Telecom, Inc.	Payphone Services, Inc.
KMC Telecom V, Inc.	Peak Communications, Inc.
LaHarpe Telephone Company, Inc.	PersonalOffice, Inc.
Leaf River Telephone Company	PNG Telecommunications, Inc.
Level 3 Communications, L.L.C.	PNG Telecommunications, Inc./PowerNet Global Communications
Levin Telecommunications, Corp.	Popp Telecom Incorporated
Lightspeed Telecom, LLC	Preferred Carrier Services, Inc.
LightWave Communications, LLC	Premiere Network Services, Inc.
Lightyear Communications, Inc.	Primo Communications, Inc.
Line 1 Communications, LLC/Direct Line Communications	Primus Telecommunications, Inc.
Local Fiber L.L.C.	ProCom International, Ltd.
Local Line America, Inc.	Promise-Net International, Ltd.
Logix Communications Corporation	QuantumShift Communications, Inc.
Looking Glass Networks, Inc.	Quick-Tel Communications, Inc.
Loop Telecom, L.P.	Qwest Communications Corporation
M.L.M. Telecommunications, Inc./Ameritel, Your Phone Company	Qwest Enterprise America, Inc.
Madison Network Systems, Inc.	RCN Telecom Services of Illinois, Inc.
Madison River Communications, LLC/Gallatin River Integrated Communications Solutions	Rekanti Communications, Inc.
Madison Telephone Company	Reynolds Telephone Company
Marselles Telephone Company The	RGT Utilities of California, Inc.
Maxcess, Inc.	Ripple Communications, Inc.
Max-Tel Communications, Inc.	Royal Phone Company LLC
McDonough Telephone Cooperative, Inc.	Sage Telecom, Inc.
McGraw Communications, Inc.	Satelink Paging, LLC
MCI Metro Access Transmission Services, Inc.	SBA Broadband Services, Inc.
MCI WorldCom Communications, Inc.	Selective Royal Corporation
McLeodUSA Telecommunications Services, Inc.	Seven Bridges Communications, L.L.C.
McNabb Telephone Company	Sharon Telephone Company
Metamora Telephone Company	Shawnee Telephone Company, Inc.
Metro Teleconnect Companies, Inc.	ShawneeLink Corporation
Metro Telemanagement Corp.	Snappy Phone of Texas, Inc.
Metromedia Fiber Network Services, Inc.	SNG Communications, L.L.C.
Metropolitan Telecommunications of Illinois/MetTel	SOS Telecom, Inc.
Mid Century Telephone Cooperative	Sprint Communications Company L.P./Sprint Communications L.P.
Midwest Telecom of America, Inc.	Stonebridge Communications, Inc.
Midwestern Telecommunications, Incorporated	Supra Telecommunications and Information Systems, Inc.
Montrose Mutual Telephone Company	Suretel, Inc.
Moultrie Independent Telephone Company	Synopsis Communications
Moultrie InfoComm, Inc.	Talk America, Inc.
MTC Communications, Inc.	Talk America, Inc.
MTCO Communications, Inc.	Talk Unlimited Now, Inc.
National Prepaid, Inc.	TalkingNets Holdings, LLC
NationNet Communications Corporation	TCG Chicago
Navigator Telecommunications, LLC	TCG Illinois
Neon Telephone, Inc.	TCG St. Louis
Network US, Inc./CA Affinity	TDS Metrocom, Inc.
NetworkIP, L.L.C.	TeleCents Communications, Inc.
New Access Communications, LLC	Telecourier Communications Corporation
New Edge Network, Inc./New Edge Networks	Telgent Services, Inc.
New Millennium Telecommunications, Inc.	TelNet-IL, LLC
New Windsor Telephone Company	Tonica Telephone Company
NextG Networks of Illinois, Inc.	Trans National Communications International, Inc.
Nexue Communications, Inc.	TruComm Corporation

Table B1 - Certificated Local Exchange Carriers on 5/1/03 - Continued

U.S. Gas Electric & Telecommunications Corp.	Viola Home Telephone Company
United Communications Systems, Inc.	Wabash Independent Networks, Inc.
United States Telecommunications, Inc./Tel Com Plus	Wabash Telephone Cooperative, Inc.
Universal Access, Inc.	Williams Communications, LLC
US Signal Company, L.L.C./RVP Fiber Company	Williams Local Network, Inc.
US TelePacific Corp./TelePacific Communications	Williams Local Network, LLC
US Xchange of Illinois, L.L.C./Choice One	Wishire Connection, LLC
US Xchange of Illinois, L.L.C./Choice One Communications	Winco, Inc.
Ushman Communications Company	Wings Telecommunications, Inc.
USLD Communications, Inc.	Winstar Communications, LLC
U-Talk Services, Inc.	Woodhull Community Telephone Company
VarTec Telecom, Inc.	World Communications Satellite Systems, Inc.
Verizon North Inc.	XO Illinois, Inc.
Verizon Select Services Inc.	Yates City Telephone Company
Verizon South Inc.	Yipes Enterprises, Inc.
Vertex Broadband, Corp.	Yipes Transmission, Inc.
Viola Communications, Inc.	Z-Tel Communications, Inc.

Table B2 - Carriers that Responded to the ICC Competition Data Request

REPORTING INCUMBENT LOCAL EXCHANGE CARRIERS	OTHER REPORTING LOCAL EXCHANGE CARRIERS - CONTINUED
Adams Telephone Co-Operative	DSLnet Communications, LLC
Alhambra-Grantfork Telephone Company	ECI Communications, Inc.
Cambridge Telephone Company	EGIX Network Services, Inc.
Cass Telephone Company	El Paso Global Networks Company
Citizens Telecommunications Company	El Paso Networks, L.L.C.
Clarksville Mutual Telephone Company	Electric Lightwave
C-R Telephone Company	Ernest Communications, Inc.
Crossville Telephone Company	Essex Telcom, Inc.
Egyptian Tel. Coop. Assn.	Excel Telecommunications, Inc.
El Paso Telephone Company	EZ Talk Communications, L.L.C.
Flat Rock Tel. Coop. Inc.	Flat Rock Com. Inc.
Frontier Communications - Schuyler, Inc.	Focal Communications Corp. of IL
Frontier Communications of DePue, Inc.	Franklin Square Communications, Inc.
Frontier Communications of Illinois, Inc.	Frontier Communications of America, Inc.
Frontier Communications of Lakeside, Inc.	GE Business Productivity Solutions, Inc.
Frontier Communications of Mt. Pulaski, Inc.	Global Crossing Local Services, Inc.
Frontier Communications of Orion, Inc.	Global Crossing Telemanagement, Inc.
Frontier Communications-Midland, Inc.	Globalcom, Inc.
Frontier Communications-Prairie, Inc.	GlobalEyes Telecommunications, Inc.
Gallatin River Communications, LLC	GoBeam Services, Inc.
Geneseo Telephone Company	Grafton Long Distance Company
Glasford Telephone Company	Grafton Technologies, Inc.
Grafton Telephone Company	Greene County Cable TV
Grandview Mutual Telephone Co.	Gridley Communications, Inc.
Gridley Telephone Co.	Home TeleNetworks, Inc.
Hamilton County Telephone Co-op	I-Link Communications, Inc.
HARRISONVILLE TELEPHONE CO	Illinois Telephone Corp.
Henry County Telephone Company	Integrated Solutions, L.L.C.
Home Telephone Co.	Intellicall Operator Services, Inc.
Illinois Bell Telephone Company	International Telecom, Ltd.
Illinois Consolidated Telephone Company	Intrado, Inc.
Kinsman Mutual Telephone Co.	Ionex Telecommunications, Inc.
Lakharpe Telephone Co.	Least Cost Routing, Inc.
Leaf River Telephone Company	Level 3 Communications, L.L.C.
Leonore Mutual Telephone Co., Inc.	Line 1 Communications, L.L.C.
Madison Telephone Company	Local Fiber, L.L.C.
Marselles Telephone Company	Local Line America, Inc.
McDonough Telephone Coop	Madison River Communications, LLC dba Gallatin River Integrated Communications Solutions
McNabb Telephone Company	MCI WorldCom Communications, Inc. (f/k/a MFS)
Metamora Telephone Company	MCImetro Access Transmission Services, LLC
MID CENTURY TELEPHONE COOPERATIVE	McLeodUSA Telecommunications Services, Inc.
Montrose Mutual Telephone Company	Metromedia Fiber Network Services, Inc.
Moultrie Independent Telephone	Midwestern Telecommunications, Inc.
New Windsor Telephone Company	Moultrie InfoComm, Inc.
Odin Telephone Exchange, Inc.	Mpower Communications Corp.
Oneida Telephone Exchange, Inc.	MTC Communications, Inc.
Reynolds Telephone Company	MTCO Communications, Inc.
Sharon Telephone Company	Navigator Telecommunications, LLC.
Shawnee Telephone Company, Inc.	Netlojix
Stelle Telephone Company	NetOne International
The Bergen Telephone Co.	Network IP, L.L.C.
Tonica Telephone	Network Operator Services
Verizon North Inc.	New Century Telecom, Inc.
Verizon South Inc.	New Edge Network, Inc.
Viola Home Telephone Company	NewSouth Communications Corp.
WABASH TELEPHONE COOP INC	Nexus Communications, Inc.
Woodhull Community Telephone Company (f/k/a New Windsor)	Norlight Telecommunications, Inc.

Yates City Telephone Company	Norstan Network Services, Inc.
OTHER REPORTING LOCAL EXCHANGE CARRIERS	NOS Communications, Inc.
360networks (USA), Inc.	NOW Communications, Inc.
A.R.C. Networks, Inc., d/b/a InfoHighway	NuVox Comm. of Illinois, Inc.
Accutel of Texas	Oneida Network Services, Inc.
Adams TelSystems, Inc.	OnePointCommunications-Illinois, LLC
Adelphia Business Solutions Operations, Inc.	OneStar Long Distance, Inc.
Adelphia Telecommunications, Inc.	Operator Communications, Inc.
Aero Communications, L.L.C.	PaeTec Communications, Inc.
Affinity Network Incorporated	Powercom Corporation
AFN Telecom, LLC	Preferred Carrier Services, Inc.
Allegiance Telecom of Illinois, Inc.	PrimeTime Communications, Inc.
American Phone Services, Corp.	Primus Telecommunications, Inc.
Americatel Corp.	Quad-Cities Online
Amerivoice	QuantumShift Communications, Inc.
Ascendtel, LLC	Qwest Communications Corporation
AT&T	Qwest Interprise America
AT&T Broadband Phone of Illinois, LLC	RCN Telecom Services of Illinois, Inc.
BellSouth BSE, Inc.	RGT Utilities of California, Inc.
BellSouth Long Distance, Inc.	Rochelle Municipal Utilities
Big Planet, Inc.	Royal Phone Company LLC
Big River Telephone Company, L.L.C.	SmartStop, Inc.
Birch Telecom of the Great Lakes, Inc.	SNG Communications, L.L.C.
Blackstone Communications Company	ST Long Distance
Broadwing Communications Services Inc.	StarBand Communications Inc.
Broadwing Local Services, Inc.	Superior Technologies, Inc.
Broadwing Telecommunications Inc.	Sure-Tel, Inc.
BT Communications Sales, L.L.C.	Talk America, Inc.
Business Discount Plan, Inc.	TDS METROCOM
Cable & Wireless	Teleclose, Inc.
Call Processing, Inc.	Telecom Resources, Inc.
CAMARATO DISTRIBUTING, INC.	Telecom Resources, Inc.
Cambridge TelCom Services, Inc.	Telegation, Inc.
CENTURY ENTERPRISES, INC.	Telephone Associates
Charter Communications	Telgent Services, Inc.
CIMCO Communications, Inc.	The City of Batavia
City of Rock Falls	Time Warner Telecom of Illinois, L.L.C.
City of Springfield	TONCOM, Inc.
City of St. Charles	Total Communications Services, Inc.
Clanoom Networks, LLC	Trans National Communications International, Inc.
Clear World Communications	Trans National Communications International, Inc.
Coin Phone Management Company	TransWorld Network, Corp.
Comm South Companies, Inc.	TruComm Corporation
Computer Intelligence2, Inc.	U.S. Telecom Long Distance, Inc.
ComTech Solutions, L.L.C.	U.S. TelePacific Corp.
ComTech21	United Communications Hub, Inc.
Connect America Communications, Inc.	United Communications Systems
Consolidated Communications Network Service, Inc.	Universal Access, Inc.
Contract Fiber & Light, L.L.C.	US Xchange of Illinois, L.L.C.
CoreComm Illinois, Inc.	Ushman Communications Company
Covad Communications Company	VarTec Telecom, Inc.
Custom Network Solutions, Inc.	WABASH INDEPENDENT NETWORKS, INC.
Cypress Tele Communications Corp.	Williams Local Network, L.L.C.
Data Net Systems LLC DBA TruComm of Illinois	WiTel Communications, L.L.C.
Delta Communications, LLC d/b/a Clearwave Communications	Working Assets Funding Service, Inc.
Diverse Communications, Inc.	WorldxChange Corp.
Dominion Telecom, Inc.	XO Communications, Inc.
DPI Teleconnect, L.L.C.	Z-Tel Communications, Inc.

APPENDIX C: POTS Provisioning Detail

Table C1 – C5 contain detail POTS provisioning information for the 14 Illinois LATAs examined in this report. Table C1 contains POTS lines in each LATA provided by ILECs, CLECs and all LECs combined. Tables C2 and C3 contain similar information regarding, respectively, residential and business POTS line provisioning. Table C4 reports the distributions of lines between residential and business customers for ILECs, CLECs, and all LECs combined. Finally, Table C5 includes information summarizing the methods used by CLECs to provide POTS service.

Table C1 - Retail POTS Provision by LATA
(December 31, 2002)

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % of Total
358	CHICAGO ILLINOIS	42	6,331,263	8	4,864,750	34	1,466,513	23.16%
360	ROCKFORD ILLINOIS ¹	24	247,617	4	211,868	20	35,749	14.44%
362	CAIRO ILLINOIS	16	167,570	4	164,394	12	3,176	1.90%
364	STERLING ILLINOIS	17	125,461	5	121,973	12	3,488	2.78%
368	PEORIA ILLINOIS	30	285,881	9	256,297	21	29,584	10.35%
370	CHAMPAIGN ILLINOIS ²	23	221,350	4	197,647	19	23,703	10.71%
374	SPRINGFIELD ILLINOIS	24	265,618	6	227,650	18	37,968	14.29%
376	QUINCY ILLINOIS	20	93,854	4	86,618	16	7,236	7.71%
520	ST LOUIS MISSOURI	30	435,614	10	369,179	20	66,435	15.25%
634	DAVENPORT IOWA	28	139,601	9	117,810	18	21,791	15.61%
366	FORREST ILLINOIS	12		7		5		
976	MATTOON ILLINOIS	7		5		2		
977	MACOMB ILLINOIS	10	414,114*	8	411,781*	2	2,333*	0.56%*
978	OLNEY ILLINOIS	10		6		4		
Statewide		94	8,727,943	49	7,029,967	45	1,697,976	19.45%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

* Combined figures for the Forrest, Mattoon, Macomb, and Olney LATAs.

Table C2 - Residential Retail POTS Provision by LATA
(December 31, 2002)

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % of Total
358	CHICAGO ILLINOIS	33	3,564,661	8	2,758,965	25	805,696	22.60%
360	ROCKFORD ILLINOIS ¹	17	160,970	4	143,919	13	17,051	10.59%
362	CAIRO ILLINOIS	14	115,794	4	114,813	10	981	0.85%
364	STERLING ILLINOIS	13	86,513	5	84,929	8	1,584	1.83%
368	PEORIA ILLINOIS	24	185,679	9	171,167	15	14,512	7.82%
370	CHAMPAIGN ILLINOIS ²	17	131,079	4	117,090	13	13,989	10.67%
374	SPRINGFIELD ILLINOIS	18	148,343	6	129,710	12	18,633	12.56%
376	QUINCY ILLINOIS	15	62,433	4	58,673	11	3,760	6.02%
520	ST LOUIS MISSOURI	22	308,268	10	258,494	12	49,774	16.15%
634	DAVENPORT IOWA	21	89,234	9	74,963	12	14,271	15.99%
976	MATTOON ILLINOIS	5		5		0		
977	MACOMB ILLINOIS	8		8		0		
366	FORREST ILLINOIS	10	285,388*	7	285,294*	3	94*	0.03%*
978	OLNEY ILLINOIS	8		6		2		
Statewide		83	5,138,362	49	4,198,017	34	940,345	18.30%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

* Combined figures for the Forrest, Mattoon, Macomb, and Olney LATAs.

Table C3 - Business Retail POTS Provision by LATA
(December 31, 2002)

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % of Total
358	CHICAGO ILLINOIS	35	2,766,612	8	2,105,785	27	660,817	23.89%
360	ROCKFORD ILLINOIS ¹	19	86,647	4	67,949	15	18,698	21.58%
362	CAIRO ILLINOIS	9	51,776	4	49,581	5	2,195	4.24%
364	STERLING ILLINOIS	14	38,948	5	37,044	9	1,904	4.89%
368	PEORIA ILLINOIS	23	100,202	9	85,130	14	15,072	15.04%
370	CHAMPAIGN ILLINOIS ²	17	90,271	4	80,557	13	9,714	10.76%
374	SPRINGFIELD ILLINOIS	18	117,275	6	97,940	12	19,335	16.49%
376	QUINCY ILLINOIS	15	31,421	4	27,945	11	3,476	11.06%
520	ST LOUIS MISSOURI	26	127,346	10	110,685	16	16,661	13.08%
634	DAVENPORT IOWA	25	50,367	9	42,847	16	7,520	14.93%
366	FORREST ILLINOIS	10		7		3		
976	MATTOON ILLINOIS	7	128,726*	5	126,487*	2	2,239*	1.74%*
977	MACOMB ILLINOIS	10		8		2		
978	OLNEY ILLINOIS	9		6		3		
Statewide		86	3,589,581	49	2,831,950	37	757,631	21.11%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

* Combined figures for the Forrest, Mattoon, Macomb, and Olney LATAs.

**Table C4 - Retail POTS Provision Business Percentage by LATA
(December 31, 2002)**

LATA	LATA Name	All LECs		ILECs		CLECs	
		% Res	% Bus	% Res	% Bus	% Res	% Bus
358	CHICAGO ILLINOIS	56.30%	43.70%	56.71%	43.29%	54.94%	45.06%
360	ROCKFORD ILLINOIS ¹	65.01%	34.99%	67.93%	32.07%	47.70%	52.30%
362	CAIRO ILLINOIS	69.10%	30.90%	69.84%	30.16%	30.89%	69.11%
364	STERLING ILLINOIS	68.96%	31.04%	69.63%	30.37%	45.41%	54.59%
368	PEORIA ILLINOIS	64.95%	35.05%	66.78%	33.22%	49.05%	50.95%
370	CHAMPAIGN ILLINOIS ²	59.22%	40.78%	59.24%	40.76%	59.02%	40.98%
374	SPRINGFIELD ILLINOIS	55.85%	44.15%	56.98%	43.02%	49.08%	50.92%
376	QUINCY ILLINOIS	66.52%	33.48%	67.74%	32.26%	51.96%	48.04%
520	ST LOUIS MISSOURI	70.77%	29.23%	70.02%	29.98%	74.92%	25.08%
634	DAVENPORT IOWA	63.92%	36.08%	63.63%	36.37%	65.49%	34.51%
366	FORREST ILLINOIS						
976	MATTOON ILLINOIS	68.92%*	31.08%*	69.28%*	30.72%*	4.03%*	95.97%*
977	MACOMB ILLINOIS						
978	OLNEY ILLINOIS						
Statewide		58.87%	41.13%	59.72%	40.28%	55.38%	44.62%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

* Combined figures for the Forrest, Mattoon, Macomb, and Olney LATAs.

Table C5 - CLEC Retail POTS Provisioning Methods by LATA
(December 31, 2002)

LATA	LATA Name	Own Facilities			UNE-L			UNE-P			Resale		
		CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines
358	CHICAGO ILLINOIS	5	429,895	29.31%	11	294,259	20.07%	15	531,370	36.23%	26	210,989	14.39%
520	ST LOUIS MISSOURI	2			2			10			14		
634	DAVENPORT IOWA	4			2			10			12		
360	ROCKFORD ILLINOIS ¹	0			3			11	108,225**	50.28%**	15	48,289**	22.44%**
368	PEORIA ILLINOIS	0			2			11			16		
370	CHAMPAIGN ILLINOIS ²	0			1			11			15		
374	SPRINGFIELD ILLINOIS	0			1			10			16		
362	CAIRO ILLINOIS	1	3,236*	1.40%*	0	61,399*	26.53%*	6			7		
364	STERLING ILLINOIS	0			0			9			6		
366	FORREST ILLINOIS	1			1			2			4		
376	QUINCY ILLINOIS	0			1			9	5,337***	32.88%***	11	4,977***	30.66%***
976	MATTOON ILLINOIS	0			0			0			2		
977	MACOMB ILLINOIS	0			0			0			2		
978	OLNEY ILLINOIS	0			0			0			4		
Statewide		10	433,131	25.51%	14	355,658	20.95%	16	644,932	37.98%	30	264,255	15.56%

(1) Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

(2) Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

* Combined figures for all Illinois LATAs outside the Chicago LATA.

** Combined figures for the St. Louis, Davenport, Rockford, Peoria, Champaign, and Springfield LATAs.

*** Combined figures for the Cairo, Sterling, Forrest, Quincy, Mattoon, Macomb, and Olney LATAs.

